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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS
BOB STUMP – CHAIRMAN
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

2014 DEC 17 P 1:35

AZ CORP COMMISSION
DOCKET CONTROL**DOCKETED**

DEC 17 2014



IN THE MATTER OF THE APPLICATION OF
AJO IMPROVEMENT COMPANY FOR AN
ADJUSTMENT IN ITS PURCHASED POWER
AND FUEL ADJUSTMENT CLAUSE RATE
("PPFAC")

Docket No. E-01025A-14-0413

APPLICATION

Ajo Improvement Company ("AIC") files its application with supporting spreadsheets to accelerate the third and fourth step increases of its Purchased Power and Fuel Adjustment Clause ("PPFAC") rate originally approved in Decision No. 74298 (January 29, 2014), and to add a fifth step increase to \$0.03900 per kilowatt-hour ("kWh"). AIC requests that the Arizona Corporation Commission authorize and approve:

- (1) an adjustment to \$0.03250 per kWh starting August 2015.
- (2) an adjustment to \$0.03575 per kWh starting February 2016; and
- (3) an adjustment to \$0.03900 per kWh starting August 2016.

AIC is making this request to avoid a continually increasing under-collection of its PPFAC bank balance, and to gradually reduce the current under-collected balance. In support of its Application, AIC states the following:

1. AIC is an Arizona public service corporation certificated by the Commission to provide electric, water and wastewater service to customers in Pima County, Arizona. AIC serves approximately 1,040 electric customers.

2. The Commission had approved an adjustment to AIC's PPFAC rate from \$0.05000 per kWh to \$0.01000 per kWh in Decision No. 73079 (April 5, 2012) – to address an over-collected bank balance. At that time, it was anticipated that the then-existing over-collected bank balance would be eliminated by July 2013, and the under-collected balance would be minimal and relatively stable. But that was not the case.

1 3. Because the under-collected balance increased rapidly with no signs of stabilizing,
2 the Commission approved a four-step increase to its PPFAC rate in Decision No. 74298 as
3 follows:

- 4 • \$0.02438 per kWh (starting February 2014);
- 5 • \$0.02763 per kWh (starting February 2015);
- 6 • \$0.03250 per kWh (starting February 2016);
- 7 • \$0.03575 per kWh (starting February 2017);

8 The hope was that this would address the under-collected bank balance, based on the
9 assumption that the unit cost for purchase power would average \$0.06244 per kWh (which was
10 the average for 2013). Unfortunately, AIC forecasts the unit cost of purchase power to average
11 \$0.07270 per kWh in 2015.

12 4. As a result, AIC projects that the under-collected balance will grow to
13 approximately \$323,054.00 by December 2015 and \$406,564.00 by December 2017, under the
14 current-step increases approved in Decision No. 74298. Even the fourth-stepped-in PPFAC rate
15 of \$0.03575 per kWh will be insufficient to recover the forecast cost of purchase power, let alone
16 reduce the under-collected bank balance. Further, consumption in AIC's service territory
17 increased during the summer months of 2014 (compared to the rest of the year), which contributed
18 to the growth in the under-collected bank balance.

19 5. AIC proposes to accelerate the last-two-step increases as follows:

- 20 • \$0.03250 per kWh to go into effect starting August 2015 (an increase of \$2.55
21 based on average residential use of 525 kWh); and
- 22 • \$0.03575 per kWh to into effect starting February 2016 (an increase of \$1.71
23 based on the average residential use).

24 6. Further, AIC proposes that an additional step increase of \$0.03900 per kWh take
25 effect starting August 2016 (an average increase of \$1.71 based on average residential use of 525
26 kWh). This will result in a total rate for purchase power (the PPFAC rate together with the base
27 purchase power rate) equaling \$0.07370 per kWh. This will allow AIC to very gradually reduce

1 the under-collected PPFAC balance, assuming purchase power prices to remain at \$0.07270 per
2 kWh.

3 7. Because AIC anticipates purchase power prices to be higher but remain relatively
4 stable for the Company, AIC believes its proposal, together with the base purchase power rate,
5 will allow AIC to gradually reduce its under-collected balance while also accurately reflecting
6 AIC's purchase power costs for the foreseeable future. According to the Energy Information
7 Administration ("EIA") short-term energy outlook forecast for December 2014, the Henry Hub
8 spot price for natural gas is expected to be at \$3.94 per million British thermal units ("MMBtu")
9 in 2015 – up from approximately \$2.83 per MMBtu in 2012 and \$3.84 per MMBtu in 2013,
10 although down from \$4.58 per MMBtu in 2014.¹ This remains an appropriate barometer since
11 AIC's purchased power remains largely derived from natural gas resources

12 8. Attached as Exhibit 1, and incorporated herein by reference, are spreadsheets
13 detailing the PPFAC bank balance levels and detailing how AIC's proposal will eventually reduce
14 its under-collected balance. Based on its current estimate of power costs, AIC anticipates that the
15 under-collection will be reduced to \$304,543.00 by December 2017, assuming AIC's full proposal
16 is approved.

17 9. AIC requests that the Commission approve its proposed adjustment as described
18 above starting in August 2015, with subsequent increases to take place as described in February
19 2016 and August 2016.

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27 ¹See EIA Short-Term Energy Outlook at <http://www.eia.gov/forecasts/steo/report/natgas.cfm> (last
checked December 17, 2014).

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RESPECTFULLY SUBMITTED this 17th day of December, 2014.

AJO IMPROVEMENT COMPANY

By 

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By Jacklyn Howard

Exhibit-1

AJO IMPROVEMENT COMPANY
PURCHASED POWER FUEL ADJUSTOR
BANK BALANCE (PRESENT RATE AND STEP INCREASES)

	Actual Jan-13	Actual Feb-13	Actual Mar-13	Actual Apr-13	Actual May-13	Actual Jun-13	Actual Jul-13	Actual Aug-13	Actual Sep-13	Actual Oct-13	Forecast Nov-13	Forecast Dec-13	Total
1 Ending Bank Balance from Previous Month	(87,824)	(74,353)	(68,010)	(53,323)	(38,279)	(21,437)	1,816	18,138	34,980	60,111	75,543	94,876	(87,824)
2A Jurisdictional Sales	813,247	797,123	797,768	797,768	797,768	797,768	797,768	797,768	797,768	797,768	797,768	797,768	826,329.50
2B Total Sales (incl Spec Cont)	907,670	882,119	882,119	882,119	882,119	882,119	882,119	882,119	882,119	882,119	882,119	882,119	973,588.42
2C Special Contract Sales (Industrial kWh)	94,423	116,996	126,504	193,799	168,410	178,380	196,330	139,362	140,441	164,269	111,204	116,769	148,247.25
3 Actual Cost of Purchased Power	55,007	46,743	50,169	53,830	69,582	77,809	80,123	80,798	73,682.26	61,762	55,174	60,526	63,800.41
4 Unit Cost of Purchased Power	0.00126	0.00299	0.00927	0.06935	0.06514	0.06947	0.05990	0.05712	0.03470	0.03469	0.03469	0.03470	0.06645
5 Base Cost of Purchase Power	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03469	0.03469	0.03469	0.03470	0.03470
6 Authorized Purchased Power Adjustor Rate - Decision No. 73079	0.01000	0.01000	0.01000	0.01000	0.01000	0.01000	0.01000	0.01000	0.01000	0.01000	0.01000	0.01000	0.01000
7 Total Rate Collected From Customer	0.04700	0.04700	0.04700	0.04700	0.04700	0.04700	0.04700	0.04700	0.04699	0.04699	0.04699	0.04699	0.04700
8 Incremental Difference between authorized and actual recovery:	0.01655	0.00928	0.0257	0.02885	0.02044	0.0247	0.01531	0.02426	0.02455	0.01927	0.03788	0.03475	0.02175
9 Net change to Bank balance:	13,471.28	6,343.21	14,866.70	14,043.87	17,841.54	23,253.39	17,322.63	15,940.41	25,131.16	15,432.45	19,332.61	22,322.02	205,020.69
10 Adjustments to Bank Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Preapproved DSM costs	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Ending Bank Balance:	(74,353)	(68,010)	(53,323)	(38,279)	(21,437)	1,816	18,138	34,980	60,111	75,543	94,876	117,198	117,198

	Actual Jan-14	Actual Feb-14	Actual Mar-14	Actual Apr-14	Actual May-14	Actual Jun-14	Actual Jul-14	Actual Aug-14	Actual Sep-14	Actual Oct-14	Forecast Nov-14	Forecast Dec-14	Total
1 Ending Bank Balance from Previous Month	117,198.00	128,096.00	143,514.00	155,026.00	176,796.00	182,452.00	182,452.00	220,940.00	222,232.00	220,940.00	219,120.00	217,564.00	117,198.00
2A Jurisdictional Sales	771,733	832,407	846,440	846,440	846,440	846,440	846,440	846,440	846,440	846,440	846,440	846,440	826,329.50
2B Total Sales (incl Spec Cont)	913,173	743,347	598,478	598,478	598,478	598,478	598,478	598,478	598,478	598,478	598,478	598,478	973,588.42
2C Special Contract Sales (Industrial kWh)	141,440	110,940	147,246	171,156	184,401	164,847	188,338	54,141	230,325	177,889	97,969	147,239	147,239.67
3 Actual Cost of Purchased Power	54,897	60,864	55,745	53,493	68,992	79,135	78,258	98,894	75,474	55,974	55,974	55,974	63,800.41
4 Unit Cost of Purchased Power	0.060116	0.08188	0.08004	0.06553	0.08715	0.06450	0.06450	0.10034	0.06065	0.06274	0.05724	0.05724	0.08923
5 Base Cost of Purchase Power	0.034699	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470
6 Assuming a new PPFAAC rate of \$0.02438 effective February 1, 2014 per Decision No. 74298	0.010000	0.02438	0.02438	0.02438	0.02438	0.02438	0.02438	0.02438	0.02438	0.02438	0.02438	0.02438	0.02318
7 Total Rate Collected From Customer	0.04699	0.05908	0.05908	0.05908	0.05908	0.05908	0.05908	0.05908	0.05908	0.05908	0.05908	0.05908	0.05788
8 Incremental Difference between authorized and actual recovery:	11,696.04	14,418.40	11,511.51	4,162.90	17,607.19	5,755.84	(339.96)	38,432.68	1,592.03	(1,555.92)	(1,556.10)	(1,556.10)	100,370.80
9 Net change to Bank balance:	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Adjustments to Bank Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Preapproved DSM costs	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Ending Bank Balance:	128,096.00	143,514.00	155,026.00	159,189.00	176,796.00	182,452.00	182,452.00	220,940.00	222,232.00	220,940.00	219,120.00	217,564.00	217,564.00

	Actual Jan-15	Actual Feb-15	Actual Mar-15	Actual Apr-15	Actual May-15	Actual Jun-15	Actual Jul-15	Actual Aug-15	Actual Sep-15	Actual Oct-15	Forecast Nov-15	Forecast Dec-15	Total
1 Ending Bank Balance from Previous Month	217,564.00	237,817.00	237,817.00	245,951.00	254,518.00	263,085.00	271,652.00	280,219.00	288,786.00	297,353.00	305,920.00	314,487.00	217,564.00
2A Jurisdictional Sales	826,330	826,330	826,330	826,330	826,330	826,330	826,330	826,330	826,330	826,330	826,330	826,330	826,329.50
2B Total Sales (incl Spec Cont)	973,568	973,568	973,568	973,568	973,568	973,568	973,568	973,568	973,568	973,568	973,568	973,568	973,568.17
2C Special Contract Sales (Industrial kWh)	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239.67
3 Actual Cost of Purchased Power	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775.00
4 Unit Cost of Purchased Power	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270
5 Base Cost of Purchase Power	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470
6 Assuming a new PPFAAC rate of \$0.02763 per kWh effective February 1, 2015	0.02763	0.02763	0.02763	0.02763	0.02763	0.02763	0.02763	0.02763	0.02763	0.02763	0.02763	0.02763	0.02763
7 Total Rate Collected From Customer	0.06233	0.06233	0.06233	0.06233	0.06233	0.06233	0.06233	0.06233	0.06233	0.06233	0.06233	0.06233	0.06233
8 Incremental Difference between authorized and actual recovery:	0.01362	0.01037	0.01037	0.01037	0.01037	0.01037	0.01037	0.01037	0.01037	0.01037	0.01037	0.01037	0.01037
9 Net change to Bank balance:	11,252.54	8,566.97	8,566.97	8,566.97	8,566.97	8,566.97	8,566.97	8,566.97	8,566.97	8,566.97	8,566.97	8,566.97	105,489.24
10 Adjustments to Bank Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Preapproved DSM costs	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Ending Bank Balance:	228,817.00	237,817.00	245,951.00	254,518.00	263,085.00	271,652.00	280,219.00	288,786.00	297,353.00	305,920.00	314,487.00	323,054.00	323,054.00

	Actual Jan-16	Actual Feb-16	Actual Mar-16	Actual Apr-16	Actual May-16	Actual Jun-16	Actual Jul-16	Actual Aug-16	Actual Sep-16	Actual Oct-16	Forecast Nov-16	Forecast Dec-16	Total
1 Ending Bank Balance from Previous Month	323,054.00	331,621.00	331,621.00	340,707.00	345,250.00	349,793.00	354,336.00	358,879.00	363,422.00	367,965.00	372,508.00	377,051.00	323,054.00
2A Jurisdictional Sales	826,330	826,330	826,330	826,330	826,330	826,330	826,330	826,330	826,330	826,330	826,330	826,330	826,329.50
2B Total Sales (incl Spec Cont)	973,568	973,568	973,568	973,568	973,568	973,568	973,568	973,568	973,568	973,568	973,568	973,568	973,568.17
2C Special Contract Sales (Industrial kWh)	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239.67
3 Actual Cost of Purchased Power	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775.00
4 Unit Cost of Purchased Power	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270
5 Base Cost of Purchase Power	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470
6 Assuming a new PPFAAC rate of \$0.02550 effective February 1, 2016	0.02550	0.02550	0.02550	0.02550	0.02550	0.02550	0.02550	0.02550	0.02550	0.02550	0.02550	0.02550	0.02550
7 Total Rate Collected From Customer	0.06233	0.06233	0.06233	0.06233	0.06233	0.06233	0.06233	0.06233	0.06233	0.06233	0.06233	0.06233	0.06233
8 Incremental Difference between authorized and actual recovery:	0.01037	0.00950	0.00950	0.00950	0.00950	0.00950	0.00950	0.00950	0.00950	0.00950	0.00950	0.00950	0.00950
9 Net change to Bank balance:	8,566.97	4,542.75	4,542.75	4,542.75	4,542.75	4,542.75	4,542.75	4,542.75	4,542.75	4,542.75	4,542.75	4,542.75	98,537.20
10 Adjustments to Bank Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Preapproved DSM costs	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Ending Bank Balance:	331,621.00	336,164.00	340,707.00	345,250.00	349,793.00	354,336.00	358,879.00	363,422.00	367,965.00	372,508.00	377,051.00	381,594.00	381,594.00

AJO IMPROVEMENT COMPANY
PURCHASED POWER FUEL ADJUSTOR
BANK BALANCE (PRESENT RATE AND STEP INCREASES)

	Forecast	Jan-17	Feb-17	Mar-17	Forecast	Apr-17	Forecast	May-17	Forecast	Jun-17	Forecast	Jul-17	Forecast	Aug-17	Forecast	Sep-17	Forecast	Oct-17	Forecast	Nov-17	Forecast	Dec-17	Total
1	Ending Bank Balance from Previous Month	\$ 381,594.00																					\$ 381,594.00
2A	Jurisdictional Sales	826,330	\$ 386,137.00	\$ 387,994.00	\$ 389,851.00	\$ 389,851.00	\$ 391,708.00	\$ 393,565.00	\$ 395,422.00	\$ 397,279.00	\$ 399,136.00	\$ 400,993.00	\$ 402,850.00	\$ 404,707.00	\$ 406,564.00	\$ 408,421.00	\$ 410,278.00	\$ 412,135.00	\$ 413,992.00	\$ 415,849.00	\$ 417,706.00	\$ 419,563.00	\$ 421,420.00
2B	Total Sales(Incl Spec Cont)	973,568	826,330	826,330	826,330	826,330	826,330	826,330	826,330	826,330	826,330	826,330	826,330	826,330	826,330	826,330	826,330	826,330	826,330	826,330	826,330	826,330	826,330
2C	Special Contract Sales (Industrial MWh)	147,239	973,568	973,568	973,568	973,568	973,568	973,568	973,568	973,568	973,568	973,568	973,568	973,568	973,568	973,568	973,568	973,568	973,568	973,568	973,568	973,568	973,568
3	Actual Cost of Purchased Power	70,775	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239
4	Unit Cost of Purchased Power	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270
5	Base Cost of Purchase Power	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470
6	Assuming a new PPFAC rate of \$0.03575 effective February 1, 2017	0.03575	0.03575	0.03575	0.03575	0.03575	0.03575	0.03575	0.03575	0.03575	0.03575	0.03575	0.03575	0.03575	0.03575	0.03575	0.03575	0.03575	0.03575	0.03575	0.03575	0.03575	0.03575
7	Total Rate Collected From Customer	0.06720	0.07045	0.07045	0.07045	0.07045	0.07045	0.07045	0.07045	0.07045	0.07045	0.07045	0.07045	0.07045	0.07045	0.07045	0.07045	0.07045	0.07045	0.07045	0.07045	0.07045	0.07045
8	Incremental Difference between authorized and actual recovery:	0.00550	0.00225	0.00225	0.00225	0.00225	0.00225	0.00225	0.00225	0.00225	0.00225	0.00225	0.00225	0.00225	0.00225	0.00225	0.00225	0.00225	0.00225	0.00225	0.00225	0.00225	0.00225
9	Net change to Bank balance:	\$ 4,542.75	\$ 1,857.18	\$ 1,857.18	\$ 1,857.18	\$ 1,857.18	\$ 1,857.18	\$ 1,857.18	\$ 1,857.18	\$ 1,857.18	\$ 1,857.18	\$ 1,857.18	\$ 1,857.18	\$ 1,857.18	\$ 1,857.18	\$ 1,857.18	\$ 1,857.18	\$ 1,857.18	\$ 1,857.18	\$ 1,857.18	\$ 1,857.18	\$ 1,857.18	\$ 1,857.18
10	Adjustments to Bank Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	Preapproved DSM costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Ending Bank Balance:	\$ 386,137.00	\$ 387,994.00	\$ 389,851.00	\$ 391,708.00	\$ 393,565.00	\$ 395,422.00	\$ 397,279.00	\$ 399,136.00	\$ 400,993.00	\$ 402,850.00	\$ 404,707.00	\$ 406,564.00	\$ 408,421.00	\$ 410,278.00	\$ 412,135.00	\$ 413,992.00	\$ 415,849.00	\$ 417,706.00	\$ 419,563.00	\$ 421,420.00	\$ 423,277.00	\$ 425,134.00

AJO IMPROVEMENT COMPANY
PURCHASED POWER FUEL ADJUSTOR
BANK BALANCE (PROPOSED STEP INCREASES - AUGUST 2015, FEBRUARY 2016, AUGUST 2016)

	Actual Jan-13	Actual Feb-13	Actual Mar-13	Actual Apr-13	Actual May-13	Actual Jun-13	Actual Jul-13	Actual Aug-13	Actual Sep-13	Actual Oct-13	Actual Nov-13	Actual Dec-13	Total
1 Ending Bank Balance from Previous Month	\$ (87,823.00)	\$ (74,352.00)	\$ (88,009.00)	\$ (53,322.00)	\$ (39,278.00)	\$ (21,436.00)	\$ 1,617.00	\$ 10,139.00	\$ 34,979.00	\$ 60,110.00	\$ 75,542.00	\$ 94,875.00	\$ (87,823.00)
2A Jurisdictional Sales	813,247	785,123	597,768	593,734	872,754	938,811	1,139,165	1,275,101	653,190	801,394	612,044	841,647	825,333.17
2B Total Sales(Incl Spec Cont)	907,670	882,119	724,272	787,533	1,068,410	1,117,191	1,337,515	1,414,483	993,631	965,693	723,248	761,446	973,580.42
2C Special Contract Sales (Industrial kWh)	94,423	116,996	126,504	193,799	195,410	178,380	198,330	136,382	140,441	164,299	111,204	119,199	146,247.25
3 Actual Cost of Purchased Power	55,607	46,743	50,169	53,830	66,582	77,609	80,123	80,798	73,682.26	61,762	55,174	60,528	63,800.42
4 Unit Cost of Purchased Power	0.06126	0.05299	0.06927	0.06835	0.06514	0.06947	0.05960	0.05712	0.074155	0.039560	0.076286	0.07949	0.06553
5 Base Cost of Purchased Power	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.034699	0.034699	0.03470	0.03470
6 New PPFA rate of \$0.01 (effective April 1, 2012)	0.01000	0.01000	0.01000	0.01000	0.01000	0.01000	0.01000	0.01000	0.01000	0.01000	0.01000	0.01000	0.01000
7 Total Rate Collected From Customer	0.04470	0.04470	0.04470	0.04470	0.04470	0.04470	0.04470	0.04470	0.044699	0.044699	0.044699	0.04470	0.04470
8 Incremental Difference between authorized and actual recovery	0.01656	0.00629	0.02457	0.02385	0.02044	0.02477	0.01521	0.01642	0.029458	0.01587	0.04469	0.02063	0.02063
9 Net change to Bank balance:	\$ 13,471.28	\$ 6,343.21	\$ 14,568.70	\$ 14,043.67	\$ 17,841.51	\$ 23,253.45	\$ 17,322.03	\$ 15,840.41	\$ 25,131.18	\$ 15,432.61	\$ 19,332.02	\$ 22,322.02	\$ 205,020.76
10 Adjustments to Bank Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Presproposed DSM costs	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Ending Bank Balance:	\$ (74,352.00)	\$ (68,009.00)	\$ (53,322.00)	\$ (39,278.00)	\$ (21,436.00)	\$ 1,617.00	\$ 19,139.00	\$ 34,979.00	\$ 60,110.00	\$ 75,542.00	\$ 94,875.00	\$ 117,197.00	\$ 117,197.00

	Actual Jan-14	Actual Feb-14	Actual Mar-14	Actual Apr-14	Actual May-14	Actual Jun-14	Actual Jul-14	Actual Aug-14	Actual Sep-14	Actual Oct-14	Actual Nov-14	Actual Dec-14	Average
1 Ending Bank Balance from Previous Month	\$ 117,197.00	\$ 129,095.00	\$ 143,513.00	\$ 155,025.00	\$ 156,191.00	\$ 176,798.00	\$ 182,554.00	\$ 182,209.00	\$ 220,640.00	\$ 222,232.00	\$ 220,676.00	\$ 216,120.00	\$ 117,197.00
2A Jurisdictional Sales	771,723	632,407	549,332	645,140	627,258	1,062,080	1,142,994	931,426	1,014,091.00	848,531	846,531	846,531	826,328.67
2B Total Sales(Incl Spec Cont)	913,163	743,347	695,478	813,296	791,659	1,226,927	1,331,332	965,573	1,244,426	977,869	977,869	977,869	973,567.33
2C Special Contract Sales (Industrial kWh)	141,440	141,440	141,440	141,440	141,440	141,440	141,440	141,440	141,440	141,440	141,440	141,440	141,440.00
3 Actual Cost of Purchased Power	54,897	40,860	45,487	52,487	68,992	78,135	78,258	98,864	75,473.08	55,874	55,874	55,874	55,874.00
4 Unit Cost of Purchased Power	0.060117	0.05188	0.06004	0.06554	0.08715	0.06450	0.05878	0.10034	0.06065	0.05724	0.05724	0.05724	0.06923
5 Base Cost of Purchased Power	0.034699	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470
6 Assuming a new PPFA rate of \$0.02438 effective February 1, 2014	0.01000	0.02438	0.02438	0.02438	0.02438	0.02438	0.02438	0.02438	0.02438	0.02438	0.02438	0.02438	0.02318
7 Total Rate Collected From Customer	0.04470	0.05908	0.05908	0.05908	0.05908	0.05908	0.05908	0.05908	0.05908	0.05908	0.05908	0.05908	0.05788
8 Incremental Difference between authorized and actual recovery	0.01542	0.02280	0.02096	0.00646	0.02807	0.00542	0.00030	0.04126	0.00157	0.00184	0.00184	0.00184	0.01135
9 Net change to Bank balance:	\$ 11,898.39	\$ 14,418.45	\$ 11,511.51	\$ 4,166.06	\$ 17,607.19	\$ 5,755.94	\$ (339.56)	\$ 38,432.68	\$ 1,592.03	\$ (1,556.10)	\$ (1,556.10)	\$ (1,556.10)	\$ 100,374.29
10 Adjustments to Bank Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Presproposed DSM costs	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Ending Bank Balance:	\$ 129,095.00	\$ 143,513.00	\$ 155,025.00	\$ 156,191.00	\$ 176,798.00	\$ 182,554.00	\$ 182,209.00	\$ 220,640.00	\$ 222,232.00	\$ 220,676.00	\$ 219,120.00	\$ 217,564.00	\$ 217,564.00

	Forecast Jan-15	Forecast Feb-15	Forecast Mar-15	Forecast Apr-15	Forecast May-15	Forecast Jun-15	Forecast Jul-15	Forecast Aug-15	Forecast Sep-15	Forecast Oct-15	Forecast Nov-15	Forecast Dec-15	Average
1 Ending Bank Balance from Previous Month	\$ 217,564.00	\$ 228,817.00	\$ 237,384.00	\$ 245,951.00	\$ 254,518.00	\$ 263,085.00	\$ 271,652.00	\$ 280,219.00	\$ 284,762.00	\$ 289,305.00	\$ 293,848.00	\$ 298,391.00	\$ 217,564.00
2A Jurisdictional Sales	826,329	826,329	826,329	826,329	826,329	826,329	826,329	826,329	826,329	826,329	826,329	826,329	826,328.67
2B Total Sales(Incl Spec Cont)	973,567	973,567	973,567	973,567	973,567	973,567	973,567	973,567	973,567	973,567	973,567	973,567	973,567.33
2C Special Contract Sales (Industrial kWh)	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,238.67
3 Actual Cost of Purchased Power	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775.00
4 Unit Cost of Purchased Power	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270
5 Base Cost of Purchased Power	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470
6 Assuming a new PPFA rate of \$0.02763 per kWh effective February 1, 2015	0.02438	0.02763	0.02763	0.02763	0.02763	0.02763	0.02763	0.02763	0.02763	0.02763	0.02763	0.02763	0.02639
7 Total Rate Collected From Customer	0.05908	0.06233	0.06233	0.06233	0.06233	0.06233	0.06233	0.06233	0.06233	0.06233	0.06233	0.06233	0.06409
8 Incremental Difference between authorized and actual recovery	0.01382	0.01037	0.01037	0.01037	0.01037	0.01037	0.01037	0.01037	0.01037	0.01037	0.01037	0.01037	0.00861
9 Net change to Bank balance:	\$ 11,252.59	\$ 8,597.02	\$ 8,597.02	\$ 8,597.02	\$ 8,597.02	\$ 8,597.02	\$ 8,597.02	\$ 8,597.02	\$ 8,597.02	\$ 8,597.02	\$ 8,597.02	\$ 8,597.02	\$ 85,388.65
10 Adjustments to Bank Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Presproposed DSM costs	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Ending Bank Balance:	\$ 228,817.00	\$ 237,384.00	\$ 245,951.00	\$ 254,518.00	\$ 263,085.00	\$ 271,652.00	\$ 280,219.00	\$ 284,762.00	\$ 289,305.00	\$ 293,848.00	\$ 298,391.00	\$ 302,934.00	\$ 302,934.00

AJO IMPROVEMENT COMPANY
PURCHASED POWER FUEL ADJUSTOR
BANK BALANCE (PROPOSED STEP INCREASES - AUGUST 2015, FEBRUARY 2016, AUGUST 2016)

	Forecast Jan-16	Forecast Feb-16	Forecast Mar-16	Forecast Apr-16	Forecast May-16	Forecast Jun-16	Forecast Jul-16	Forecast Aug-16	Forecast Sep-16	Forecast Oct-16	Forecast Nov-16	Forecast Dec-16	Average
1 Ending Bank Balance from Previous Month	\$ 302,934.00	\$ 307,477.00	\$ 309,334.00	\$ 311,191.00	\$ 313,048.00	\$ 314,905.00	\$ 316,762.00	\$ 318,619.00	\$ 317,791.00	\$ 316,963.00	\$ 316,135.00	\$ 315,307.00	\$ 302,934.00
2A Jurisdictional Sales	826,329	826,329	826,329	826,329	826,329	826,329	826,329	826,329	826,329	826,329	826,329	826,329	826,328.67
2B Total Sales (incl Spec Cont)	973,567	973,567	973,567	973,567	973,567	973,567	973,567	973,567	973,567	973,567	973,567	973,567	973,567.33
2C Special Contract Sales (Industrial kWh)	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,238.67
3 Actual Cost of Purchased Power	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775.00
4 Unit Cost of Purchased Power	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270
5 Base Cost of Purchase Power	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470
6 Assuming a new PPFA rate of \$0.03250 effective February 1, 2016	0.03250	0.03575	0.03575	0.03575	0.03575	0.03575	0.03575	0.03575	0.03900	0.03900	0.03900	0.03900	0.03900
7 Total Rate Collected From Customer	0.06720	0.07045	0.07045	0.07045	0.07045	0.07045	0.07045	0.07045	0.07370	0.07370	0.07370	0.07370	0.07153
8 Incremental Difference between authorized and actual recovery	0.00550	0.00225	0.00225	0.00225	0.00225	0.00225	0.00225	0.00225	0.00100	0.00100	0.00100	0.00100	0.00116
9 Net change to Bank balance:	\$ 4,542.79	\$ 1,857.23	\$ 1,857.23	\$ 1,857.23	\$ 1,857.23	\$ 1,857.23	\$ 1,857.23	\$ 1,857.23	\$ (828.34)	\$ (828.34)	\$ (828.34)	\$ (828.34)	\$ 11,544.46
10 Adjustments to Bank Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Preapproved DSM costs	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Ending Bank Balance	\$ 307,477.00	\$ 309,334.00	\$ 311,191.00	\$ 313,048.00	\$ 314,905.00	\$ 316,762.00	\$ 318,619.00	\$ 317,791.00	\$ 316,963.00	\$ 316,135.00	\$ 315,307.00	\$ 314,479.00	\$ 314,479.00

	Forecast Jan-17	Forecast Feb-17	Forecast Mar-17	Forecast Apr-17	Forecast May-17	Forecast Jun-17	Forecast Jul-17	Forecast Aug-17	Forecast Sep-17	Forecast Oct-17	Forecast Nov-17	Forecast Dec-17	Average
1 Ending Bank Balance from Previous Month	\$ 314,479.00	\$ 313,651.00	\$ 312,823.00	\$ 311,995.00	\$ 311,167.00	\$ 310,339.00	\$ 309,511.00	\$ 308,683.00	\$ 307,855.00	\$ 307,027.00	\$ 306,199.00	\$ 305,371.00	\$ 314,479.00
2A Jurisdictional Sales	826,329	826,329	826,329	826,329	826,329	826,329	826,329	826,329	826,329	826,329	826,329	826,329	826,328.67
2B Total Sales (incl Spec Cont)	973,567	973,567	973,567	973,567	973,567	973,567	973,567	973,567	973,567	973,567	973,567	973,567	973,567.33
2C Special Contract Sales (Industrial kWh)	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,239	147,238.67
3 Actual Cost of Purchased Power	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775	70,775.00
4 Unit Cost of Purchased Power	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270	0.07270
5 Base Cost of Purchase Power	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470
6 Assuming a new PPFA rate of \$0.03575 effective February 1, 2017	0.03900	0.03900	0.03900	0.03900	0.03900	0.03900	0.03900	0.03900	0.03900	0.03900	0.03900	0.03900	0.03900
7 Total Rate Collected From Customer	0.07370	0.07370	0.07370	0.07370	0.07370	0.07370	0.07370	0.07370	0.07370	0.07370	0.07370	0.07370	0.07370
8 Incremental Difference between authorized and actual recovery	(0.00100)	(0.00100)	(0.00100)	(0.00100)	(0.00100)	(0.00100)	(0.00100)	(0.00100)	(0.00100)	(0.00100)	(0.00100)	(0.00100)	(0.00100)
9 Net change to Bank balance:	\$ (828.34)	\$ (828.34)	\$ (828.34)	\$ (828.34)	\$ (828.34)	\$ (828.34)	\$ (828.34)	\$ (828.34)	\$ (828.34)	\$ (828.34)	\$ (828.34)	\$ (828.34)	\$ (9,940.10)
10 Adjustments to Bank Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Preapproved DSM costs	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Ending Bank Balance	\$ 313,651.00	\$ 312,823.00	\$ 311,995.00	\$ 311,167.00	\$ 310,339.00	\$ 309,511.00	\$ 308,683.00	\$ 307,855.00	\$ 307,027.00	\$ 306,199.00	\$ 305,371.00	\$ 304,543.00	\$ 304,543.00